

Message Text

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ACTION EA-09

INFO OCT-01 AS-01 ISO-00 FRB-03 EB-07 TRSE-00 /021 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1929

LIMITED OFFICIAL USE MANILA 10293

E. O. 11652: NA

TAGS: EFIN, RP

SUBJECT: MISTAKEN DEPOSIT OF ONE MILLION DOLLARS BY MELLON BANK
TO PRIVATE PHILIPPINE ACCOUNT

REF: MANILA 10191 AND 10192

1. IN AFTER-DINNER REMARKS AT PHILIPPINE-AMERICAN GALA
JULY 4, CHARGE, BEFORE PRESIDENT MARCOS AND FOUR HUNDRED
GUESTS WITH MANY SENIOR GOP OFFICIALS, INCLUDED, AMONG
OTHER THINGS THAT OCCUPY OUR ATTENTION, "HOW TO EXPLAIN A CERTAIN
MILLION DOLLAR CHECK." NOTHING MORE WAS SAID, BUT WE ARE
CONFIDENT THAT MARCOS AND INDEED MOST OF THE OFFICIALS PRESENT
UNDERSTOOD WHEREOF CHARGE SPOKE, AS THE MATTER HAS BEEN PRO-
MINENTLY REPORTED IN THE PRESS AND THERE IS SUFFICIENT REASON TO
BELIEVE THAT IT HAS BEEN CALLED TO THE PRESIDENT'S ATTENTION BY
FINANCE SECRETARY VIRATA. ALSO, THE TEXT OF THE CHARGE'S
REMARKS HAS BEEN MADE AVAILABLE TO MARCOS, POSSIBLY WILL
BE PUBLISHED HERE LATER THIS WEEK, AND WAS CARRIED LIVE TV.

2. WE BELIEVE THIS IS AS FAR AS WE CAN USEFULLY GO AT THIS
TIME TO FLAG THE ISSUE FOR MARCOS. IN THIS REGARD, WE ARE
ACUTELY AWARE OF THE EXTENT TO WHICH VIRATA TOOK QUICK
UMBRAGE AT THE SUGGESTION IN THE MESSAGE OF MELLON
BANK CHAIRMAN HIGGINS TO THE CHARGE THAT THE GOOD NAME OF
PHILIPPINE BANKING WOULD BE IMPUGNED BY ANY FAILURE OF THE
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GOP TO TAKE SWIFT AND, IN EFFECT, EXTRALEGAL ACTION TO
FORCE FULL AND PROMPT RESTITUTION. WE PREFER NOT TO RISK
GETTING ALSO THE PRESIDENT'S BACK UP IN A SIMILAR MANNER
BY MORE DIRECT REPRESENTATIONS AT THIS JUNCTURE.

3. EC/COM COUNSELOR REACHED CENTRAL BANK GOVERNOR GREGORIO
LICAROS BY TELEPHONE THIS MORNING WHO STATED HE IS DOING

HIS BEST TO HELP THE MELLON BANK AND REFERRED US TO DEPUTY GOVERNOR AND GENERAL COUNSEL OF THE CENTRAL BANK, GABRIEL SINGSON. ACCORDING TO MELLON'S REPRESENTATIVE FANSLER, SINGSON IS TO PARTICIPATE IN MEETING THIS AFTERNOON BETWEEN MELLON REP AND LOCAL COUNSEL ROMULO AND JAVIER'S LEGAL COUNSEL. FANSLER HAS PROMISED US A REPORT ON THE OUTCOME OF THIS MEETING.

4. MEANWHILE, ALSO THIS MORNING, IN ANOTHER EMBOFF'S TELEPHONE CONVERSATION WITH DEPUTY CENTRAL BANK GOVERNOR BENITO LEGARDA ON SEPARATE MATTER, LEGARDA TOLD US THAT MELLON'S CAMPAIGN HAS BECOME COUNTER-PRODUCTIVE, PARTICULARLY AS IT CALLS INTO QUESTION THE CREDIT REPUTATION OF THE ENTIRE PHILIPPINES. LEGARDA TOLD EMBOFF THAT HE REGARDS MELLON'S APPROACH AS TANTAMOUNT TO "BLACKMAIL," AND IT IS RESENTED BY GOP OFFICIALS. MOREOVER, CONTRARY TO LICAROS' STATEMENT JUST A FEW MINUTES EARLIER TO ECON/COM COUNSELOR, LEGARDA SAID THAT WHILE LICAROS JUST MIGHT HAVE BEEN INCLINED TO INTERVENE INITIALLY, THAT HAS NOW CHANGED, AND HE REGARDS THE AFFAIR AS A MATTER BETWEEN TWO PRIVATE PARTIES.

5. EMBASSY WILL CONTINUE TO REPORT SIGNIFICANT DEVELOPMENTS AS THEY OCCUR.
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 05-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Handling Restrictions: n/a
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